

REMARKS/ARGUMENTS

This amendment is responsive to the Office Action mailed January 8, 2009.

Claims 1-2, 4 -11, 13, 15-24, 26, 28-29, 31-38, and 40-46 are pending in the present application. Claims 1, 4, 15, 28, and 40 have been amended. Claims 3 and 30 have been cancelled. New claims 44-46 have been added. Support for the amendments and new claims can be found throughout the application as filed, including paragraphs [0017] - [0019], [0025], [0033], and [0045] of the specification. No new matter has been added. Reconsideration of the rejected claims is respectfully requested.

III. 35 USC 102

In the Office Action, claims 1-6, 8-11, 13, 15-19, 21-24, 26, 28-33, 35-38 and 40 are rejected as being anticipated under 35 U.S.C. § 102(b) in view of Chien et al. (U.S. Patent Application No. 2001/0054003) ("Chien"). This rejection is respectfully traversed.

A. *The cited art does not describe a reversal of a transaction that earned rewards*

Chien does not anticipate the independent claims or the dependents thereon. As recited in the MPEP, "A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987). MPEP 2131. For example, amended independent claim 1 recites "the total value of the previously completed transaction had earned an accumulated reward." Independent claims 15, 28, 40 and 45 recite similar limitations. Thus, the system of claim 1 is configured to reverse a transaction that earned rewards.

In contrast, Chien discloses “a participant 1 desires to return a product (that has been purchased using loyalty points) to a merchant” See paragraph [0065]. Chien only shows a reversal of a transaction that was made using redeemed points. Thus, for a transaction to be reversed using the system of Chien, first “a participant 1 engages a merchant 5 to purchase a product or service using currency credit generated by conversion of loyalty points.” See paragraph [0026]. Second, the transaction “purchased using loyalty points” can then be reversed, as disclosed in paragraph [0065]. In none of these steps is mention made of the transaction earning points.

Chien mentions using loyalty points to purchase a product, but is silent as to a transaction or any method that “earns any accumulated reward.” The system of claim 1, on the other hand, is configured to manage a reward reversal in which the “previously completed transaction had earned an accumulated reward” (emphasis added). Paragraph [0020] of the present application shows an example wherein “a loyalty program participant makes the required number of qualifying purchases to earn another reward.” Chien does not disclose a reversal of a transaction that earned rewards as claimed in independent claim 1. Furthermore, it would not be obvious to earn rewards in the previous transaction of Chien, as there is no reason for Chien to earn rewards on a transaction using redeemed rewards. Thus, Chien does not anticipate or render obvious independent claim 1, or the dependents thereon.

B. The cited art does not describe a reinstating earned rewards during a reversal of a portion of a previous transaction

Chien also does not disclose returning a value “wherein the total value being returned is less than the total value of the previously completed transaction” as recited in claim 1. The system of claim 1 is configured to be able to process a return of a portion of a previous transaction. See, for example, FIG. 3 of the present application. Chien is silent as to a return of a value that is less than the total value of the previous transaction, as claimed.

As Chien is silent regarding a reversal of a portion of a transaction that earned rewards, Chien cannot determine whether there can be accumulated rewards both for "the previously completed transaction" and for "the new total transaction value" that accounts "for the total value being returned." For example, Chien cannot disclose the limitation of claim 1 of:

control logic configured to use the reversal information to
back out the accumulated reward earned for the previously
completed transaction, [and]
control logic configured use the reversal information to add
any accumulated reward for the new total transaction value
to the account.

Chien discloses a system that, upon a return, can "adjust the participant's loyalty account accordingly." See paragraph [0065]. However, Chien only mentions needing to "adjust" an account after the "return [of] a product (that has been purchased using loyalty points)." Chien does not disclose returning a product purchased as part of a larger transaction.

Even assuming, *arguendo*, that Chien disclosed earning rewards in a previous transaction, Chien does not disclose earning rewards on the returned transaction. In fact, rewards cannot be earned in the return transaction of Chien, as Chien does not disclose partial returns. Thus, after the return in Chien, there is no transaction left in which to earn rewards. Chien does not disclose, teach, or suggest reinstating rewards earned as claimed in independent claim 1, or the dependents thereon.

Applicants' claims 15, 28, 40 and 45 recite limitations that similarly are not taught or suggested by Chien, for reasons including at least some of those set forth above, such that these claims, and the claims that depend therefrom, also cannot be rendered obvious by these references. Thus, the independent claims, and the dependents thereon, are allowable, and Applicants respectfully request that the rejections with respect to these claims be withdrawn.

C. *The cited art does not describe a limit on the number of times transactions can be reversed*

Chien does not anticipate dependent claims 6, 19, or 33, as Chien is silent as to any determination of “one or more rules governing the loyalty program” such as “a limit on the number of times transactions can be reversed.” Page 4 of the Office Action cites paragraph [0065] of Chien, specifically the phrase “a returned merchandise”. However, the disclosure of Chien does not contain the phrase “a returned merchandise.” Paragraph [0065] merely mentions returning merchandise, but does not disclose a limit on the number of reversals. In fact, Chien is silent as to any reversal accounting for rules governing a loyalty program, and to a limit on the number of reversals. As such, Chien does not anticipate or render obvious dependent claims 6, 19, and 33.

IV. 35 USC 103

In the Office Action, claims 7, 20, 34, 41, and 42 are rejected as being unpatentable under 35 U.S.C. § 103(a) in view of Chien. This rejection is respectfully traversed.

In the rejection of dependent claim 41, page 9 of the Office Action states that “it would have been obvious to a person of ordinary skill in the art at the time the application was made, to know that adjusting the reward account due to a return would result in a negative number when said account accumulated points is less than the points subtracted due to the return as points are equivalent to money.” Applicant respectfully traverses the rejection. As stated above, Chien is silent as to reversing a transaction that earned rewards. Chien only discloses reversing a transaction paid with using rewards. Thus, to reverse a transaction of Chien would only require adding the used rewards back to the participant’s account. In Chien, there can never be a negative balance, as the reversal will always add points. Thus, Chien does not teach or suggest claim 41.

In the rejection of dependent claims 7, 20, 34, and 42, the Office Action takes official notice. Applicants respectfully traverse the rejections. For example, regarding claim 42, the Examiner asserts that "it is old and well known in the promotion art to use an escrow account to settle transactions." However, the usage of an escrow account is a novel limitation, and it would not have been obvious to include one with Chien. As stated above with respect to claim 41, Chien does not have negative balances. Thus, there is no need for an escrow account in the system and methods of Chien.

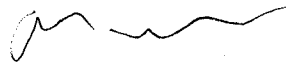
Pursuant to MPEP 2144.03, Applicants challenge the Examiner's taking of Official Notice in each and every instance that this is done in this Office Action and in future Office Actions. "[T]he examiner must provide documentary evidence in the next Office action if the rejection is to be maintained." See MPEP 2144.03(C). Applicants request that the Examiner find a prior art reference to support an allegation that a feature that is present in the claims is "well known." If such feature is in fact "well known" in the art, then it should not be too burdensome for the Examiner to find and cite such references. Even if the Examiner can find a reference teaching an "expiration limit for returning merchandise," the reference may not be combinable with the other cited references or may teach away from the combination. Thus, Applicants cannot determine if the Examiner has satisfied his burden of establishing obviousness, unless prior art is cited to meet the claim limitations.

CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance and an action to that end is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,



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